

Emerging Manager *Monthly*

The Trusted Source for Emerging Managers

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For Aristides Capital Founder and CIO Claire Brown, the impact of increasing anti-DEI sentiment in the U.S. has become personal.

Brown founded the hedge fund in 2008, but it was not until 2020 – with the ability to be alone with her thoughts during the COVID-19 pandemic – that she was able to come out to herself as trans femme.

More recently, with the election of President Donald Trump to a second term in November, Brown has felt the need to move faster with certain processes for this transition in her life.

“I wanted to have so many things be different or more far along the process or whatever, and then I had to change names way sooner than I wanted to after Trump got elected. So, I scrambled to change my name and things happened really quickly and I was able to get my passport before the new administration came in and get my social security, gender markers changed and all that,” she said.

On President Trump’s first day in office in his second term, he took aim at federal DEI programs through the signing of an executive order that terminates “radical DEI preferencing in federal contracting and directing federal agencies to relentlessly combat private sector discrimination,” according to the White House.

A direct impact of Trump’s signing of the

See LGBTQ+, Page 17

CalSTRS Reviewing External U.S. Active Equity Opportunity Set

The California State Teachers’ Retirement System is evaluating the opportunity set for external active domestic equity managers, David Murphy, director of public equity at the \$351.6 billion plan, told attendees of the CalPERS/CalSTRS Catalyst conference held on May 12-13 in Sacramento.

“Every couple years we do an evaluation of where we can get the biggest bang for our risk,” Murphy said, noting that most of the plan’s existing active risk is in the non-U.S. markets. “We’re going through that evaluation now again ... one area that we are looking at, and I’m surprised I’m even saying this, is U.S. active. Because if you look at our U.S. Book, we’re like 95% passive

**See Full Coverage Of The
CalPERS/CalSTRS Conference
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particular area.”

The global equity portfolio totals \$140 billion for the plan, with 80% of the assets managed internally and the remaining 20% with external active managers, Murphy said. The plan also has a dedicated emerging manager program that is handled by Bivium Capital Partners, Leading Edge Investment Advisors and Xponance.

and 5% active. Most of that is small-cap and then we have a long-short strategy but with the market concentration, maybe there’re some strategies that tilt a little bit away from there. So, we’re in the beginning stages of evaluating that

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Emerging Manager *Monthly*

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From The Editor

I have learned recently how difficult life can be when you are faced with confronting it with one hand tied behind your back.

In my case, I am facing the physical challenge that having one arm in a brace (not actually behind my back) brings to all the day-to-day activities I took for granted in the glorious 42 years I went without having surgery before a torn bicep did me in last month.

Now, I am not going to sit here and try to directly correlate having a brace on an arm to the battles that emerging and diverse managers face in getting the opportunities they deserve, but I am going to metaphorically relate the two.

There is no denying that emerging and diverse managers are constantly fighting a battle for attention from allocators with what seems like one arm. Those battles can range from a lack of attention due to nonsensical barriers put in place around track record and assets under management to the recent political shifts pushing against DEI in its many forms.

Associate Editor Lindsay Saienni does another tremendous job in these pages of examining the issues plaguing the LGBTQ+ community and how they are being impacted by the ongoing anti-DEI efforts reverberating throughout the country.

The issue was also tackled at the CalPERS/CalSTRS Catalyst conference held last month in Sacramento. The state of California is no stranger to the balancing act of creating opportunity while facing statutory limitations and both plans show that progress can continue to be made regardless of definitions and political limitations.

Those assets under management and track record barriers I mentioned earlier? We also have insights from Leading Edge Investment Advisors showing once again that smaller managers outperform their established competitors – another in the long list of examples showing that these artificial barriers to entry are nothing more than a means for allocators to limit their pool of candidates and ultimately hurt themselves in the long run by limiting their ability to generate alpha.

There have been hurdles facing emerging and diverse managers for as long as this industry has existed. For any hurdle that has truly been knocked down and eliminated there are usually three or four more that seem to pop up in their place. But the success stories continue to be written and need to continue to be shared with the industry.

This does not have to be a battle fought with one hand behind your back. But it is a battle that cannot be fought alone.

Matthew McCue
Editor

Emerging Managers Outperform Larger Peers: Study

Public market emerging managers outperformed firms with more assets under management across nearly all categories for the five-year period ending Dec. 31, according to a new study from emerging manager-of-managers Leading Edge Investment Advisors.

The study found that emerging managers – defined as firms with less than \$2 billion in assets under management – outperformed their larger peers in 11 out of 12 categories.

The median performance of emerging managers exceeded the returns of non-emerging managers in domestic large-cap, mid-cap, small-cap and micro-cap, international and international small-cap equity, emerging markets equity, global large-cap and global small-cap, global large-cap excluding emerging markets and U.S. high-yield bond, while underperforming in only U.S. core fixed-income.

Overall, the study found that emerging managers perform better during periods of wide market dispersion, said Clayton Jue, president and ceo of the San Francisco-based firm, which has nearly \$5 billion in assets under management with emerging managers.

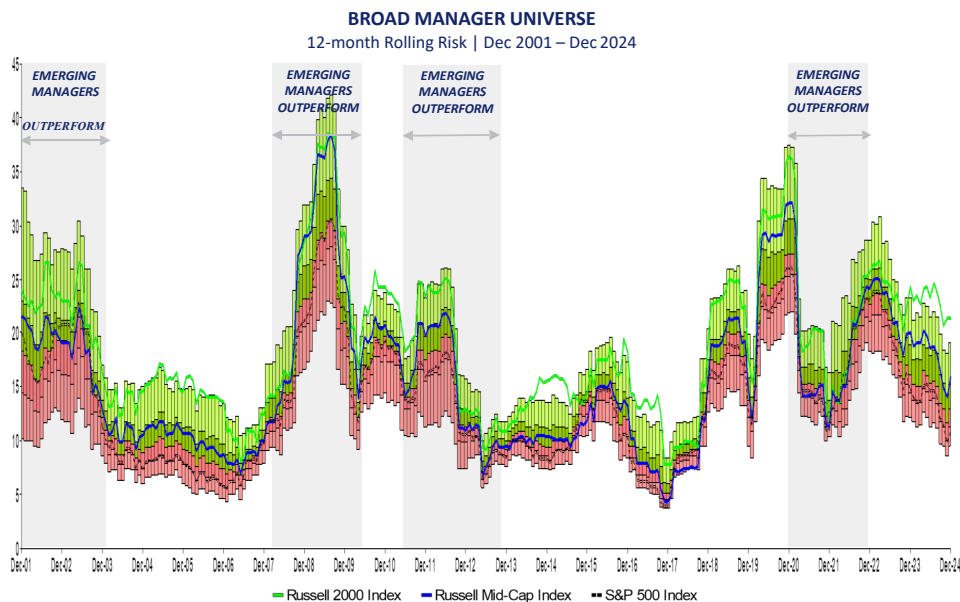
“Our conclusion is that when you have market periods of high volatility ... that sets the stage where a talented manager can generate alpha and because, in general, the emerging talented manager is going to have a tracking error that is higher than the developed manager, who is also talented, there’s going to be the potential for better alpha,” he said.

As investors navigate an uncertain market, the opportunity for alpha in a traditional equity asset class that has seen a significant shift to passive investing for more than a decade is beginning to become a talking point among allocators.

“No one can time this. You can’t time these things. If you could, obviously you’d have an incredible advantage,” Jue said. “My take is there are two things going on here. One is that you don’t have exposure to those emerging, higher tracking error type managers, if you don’t have that exposure in the first place, you’ll never have that opportunity to benefit from that outperformance when it does occur. And number two, there can be certain times when you can anticipate with some kind of confidence that you are going to have the potential for a market that is conducive to that outperformance and when you have a lot of geopolitical things going on ... that in my mind potentially creates that opportunity ... you have to look at what the drivers of volatility are in the marketplace.”

The research looked at performance for the five-year period from Jan. 1, 2020 through Dec. 31, 2024 and used each manager’s assets under management at the beginning of the period rather than at the end.

Emerging Managers Show Better Relative Performance When Return Variance Is Higher



Source: Leading Edge Investment Advisors

“End period AUM actually distorts what the result is because you are making the larger group look better because those were the successful [managers] that grew into the larger groups and then the smaller group looks worse because [of the] large firm that struggled with AUM from bad performance that pulled that group down,” Jue explained.

LEIA has been publishing annual performance reports on emerging managers for clients for the past 23 years but does not typically publish the information publicly.

Jue noted that in other years the performance dispersion is not as noticeable but this year’s results stood out because of how broad the outperformance was. “You really don’t come across a period where almost every category, [emerging managers] have done better,” he said. “I think that the emerging manager industry needs data to support their businesses.”

Overall, 933 firms and 6,090 products were included in the study.

The firms included in the study managed \$92.2 trillion in assets, however, just 1.5% of reported assets were managed by firms with less than \$10 billion in assets and 0.26% were managed by firms with less than \$2 billion in assets.

That number has continued to decline in recent years, with a peak of 0.36% of assets managed by sub-\$2 billion firms in 2019. However, 45 firms “graduated” out of the emerging manager category in 2024, the highest figure during the study period.

The factsheet from the study is available on LEIA’s [website](#) and institutional investors interested in the full study can contact the firm at clientinfo@leia.net.

Difficult Fundraising Environment Means Managers Must Focus on Returns, Differentiators: Panel

The current fundraising environment for private markets managers continues to be difficult – particularly for emerging managers, panelists on the private markets allocator panel at the CalPERS/CalSTRS Catalyst conference conceded.

“There have been declines in overall capital formation and unfortunately the reduction in capital available has disproportionately hurt new firms ... we are acutely worse off as allocators in weaker fundraising environments like the one we are in right now. I do think the managers that have a right to win from a return standpoint are going to be those that are going to be able to access capital and survive this period of more challenging fundraising and I think focusing on returns first and foremost,” said Pamela Pavkov, partner and managing director of TPG Next, during the panel.

Eliza Bailey, co-founder, ceo and chief investment officer at real estate firm Belay Investment Group, said the environment is going to be challenged for longer than managers would like.

“It’s been a lot of almost like death by a thousand cuts situation over time. What I would say for emerging managers out there,

there are a lot of capital sources that are still investing and are still putting out capital. What you want to do now is find strategic investors. Groups that will ride or die with you, so to speak,” she said.

Elizabeth Browne, managing director of the sponsor solutions group at GCM Grosvenor, said that the market is gravitating toward sector specialists.

“Being a mile deep in your area of domain expertise, the LP market has gravitated toward that. I think it’s where capital has been going for a while. In terms of that edge cultivation, especially in periods of really high macro volatility and economic volatility and uncertainty,” she said.

Andre Rice, president of private equity fund-of-funds Muller & Monroe Asset Management, agreed that having a differentiator is critical for managers.

“In our office now, we ask everyone that comes through, what is your competitive advantage,” Rice said. “We listen keenly to see how well people can articulate that.”

Private Markets Pacing A Balance Of Consistency & Total Fund Management For Institutions: Panel

Vintage year diversification can be a critical component to the success of institutional private market portfolios but allocators have to adapt to the total needs of the overall portfolio, private assets panelists told attendees of the CalPERS/CalSTRS Catalyst forum.

“Being a long-term asset class, we don’t really respond to volatility. We’re always looking at the long term. But a mature fund like ours, cash flow is a concern. And when cash flow dries up, you do maybe have to make some refinements or consider your investment pace in this market,” said Margot Wirth, director of private equity at CalSTRS, during the discussion.

Anton Orlich, managing investment director of private equity at CalPERS, said that the private equity team has focused on being consistent in its investments so as not to miss vintage years.

He said the organization had a history of pro-cyclicality and the team has focused in recent years on making sure the private equity portfolio was consistently deploying capital to ensure it was not overweight particular vintage years and also not underweight others.

He pointed to the current market as bearing out that point.

“It may not be a good distribution market but we do expect it to be a strong vintage year,” he said.

Julie Donegan, director of real estate at CalSTRS, said that the real estate team has been slowing down its investments and currently sits at roughly 13% of the total fund with a 15% target.

“We have been very diligent about slowing down our pacing ... so what we’re trying to do is two things. We are aware of

our performance and its impact on the total fund, and yet we’re trying to keep dry powder available because we do see coming opportunity in terms of distress within the real estate market,” she said, noting the plan is looking to put out roughly \$6 billion in capital this year between new opportunities and completing current commitments.

In terms of areas deemed attractive in the current market, Orlich noted the plan’s shift to growth equity funds from buyout in recent years.

“I think we’re right now at the tip of the spear in providing capital in what is a really exciting time for growth and innovation. As part of that, there has been a migration to smaller funds and buy and large better opportunities in those spaces tend to be with smaller funds,” he said.

For managers that have the opportunity to get in front of CalPERS and CalSTRS, coming prepared is crucial.

“Know your audience. If you are meeting with an investor, it’s helpful to do your homework before you have that meeting and understand what their portfolio is already comprised of, and bring your value proposition to that meeting and say, ‘hey, I understand you have investments in X, Y and Z. This strategy may be a complement to what you already have and let me outline that for you.’ When you think about all the inbound inquiries and potential investments that are coming across our desk, it really stands out when you have someone who’s very succinct and can come in and deliver that message and understand your portfolio ... it makes it a meaningful conversation,” said Sarah Corr, managing investment director of real estate at CalPERS.

Client Communication Shifts Amidst Market Uncertainty: Panel

The disruption of the public equity markets in 2025 has led to increased opportunities for active managers to show their value to allocators – but it has also come at a breakneck speed that often leaves managers debating how to best communicate with clients.

Lawrence Bancroft, president and ceo of emerging manager-of-managers and outsourced cio Bivium Capital Partners, said the uncertainty in the markets has created a paradox where insights are needed but are often obsolete in a short period of time. It led Bivium to move to quarterly client updates with larger institutional clients that allow for information to be digested and initial reactions to play out in the marketplace.

“We don’t want to be in a situation where we are a me-too updater to CalPERS and CalSTRS with 500 e-mails offering supposedly unique insights. We want to make sure the time we actually spend in front of a client is meaningful and what we have to say is differentiated and has some value for actual steps,” he said, during a public markets allocator panel at the CalPERS/CalSTRS Catalyst Forum.

Clayton Jue, president and ceo of emerging manager-of-managers Leading Edge Investment Advisors, said sifting

through opinions to find relevant and actionable insights is an important component for the firm.

“You have to be able to filter through the noise and pay attention to what really matters and by that I mean what is actionable. Our clients can’t move money that quickly. And if you do attempt to do that, you are liable to get whipsawed around. So we respond back to our clients as much as needed. If they have concerns we’ll answer those questions in detail. We will tell them why there are maybe opposing views to things and they can think about it because it is a big decision to try and move money around when there’s a very volatile market,” Jue said.

Cesar Gonzales, director of manager development and client portfolio manager at manager-of-managers Xponance, said the firm works with its underlying managers to ensure they are getting the information they need from them to disperse to end-clients.

“We know the baseline, the different scenarios, let’s evaluate the portfolio and make sure the manager is just communicating to us how they’re perceiving risk, because at this time it’s really downside protection that’s very important for our client portfolio,” he said.



**Catherine M. Avery, Founder
Top Guns Award, Manager of
the Decade December 31, 2024**

CAIM

Catherine Avery
Investment
Management



**Jeffrey Cianci, Director of Investment
Strategy and Research**



**Congratulations to CAIM and team for winning Top Guns
Manager of the Decade award for the Large Value Universe
on December 31, 2024.**

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The FIN logo consists of the lowercase letters "fin" in a white, sans-serif font, centered within a solid yellow circle. The background of the entire page is a photograph of a modern resort building with a swimming pool and lounge chairs in the foreground.

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Paradigm Shift: A Discussion On The Evolving OCIO Market

By Nancy Vailakis

Paradigm Institutional Investors is an outsourced cio firm delivering discretionary, non-discretionary and customized investment solutions to a broad range of institutional investor types, including retirement funds, endowments, foundations and operating reserves across both nonprofit and for-profit sectors.

With a strong and growing roster of institutional clients and a pipeline that positions the firm to approach \$2 billion in assets under management, Paradigm prides itself on meeting clients where they are – crafting tailored portfolios that reflect specific investment objectives, organizational values, risk tolerances and mission-driven priorities.

Enter Ryan Bailey, who began his financial services career journey in the equity research divisions of major banks like Smith Barney, Deutsche Bank and Credit Suisse First Boston, focused on investment analysis and market research. He currently holds prominent roles on the investment committees of recognized organizations, including the American Heart Association, Employees Retirement System of Texas, Dallas Police & Fire Pension System and Parkland Hospital. His experience is sought after as a director on the board of Blue Dolphin Energy and as a board member for the Texas Alternative Investment Association, Bridgeway Capital Management, STREAM Foundation, Portfolios with Purpose and Dallas CFA Society. Ryan also serves as an Angel for Texas Wall Street Women.

Prior to joining Paradigm, Bailey was the head of investments at Children's Health System of Texas, where he managed assets totaling \$1.8 billion across different portfolios, including the hospital's pension, foundation, operational cash and long-term pools. As the founding investment officer, he played a vital role in creating the investment department, designing and executing systems, procedures and governance structures to create a top-tier endowment office. Previously, he held the positions of investment officer and interim cio at the Meadows Foundation where I first met him. In this capacity, he successfully drove the due diligence process, contributed to the formulation of strategic asset allocation and designed and executed investment strategies to achieve competitive performance.

Bailey's accomplishments have garnered him numerous honors and recognitions from major organizations such as Institutional Investor, Asset International – Chief Investment Officer Magazine (aiCIO) and Trusted Insight.

He is a graduate of Yale University with a Bachelor of Arts degree in Economics and is a CFA, CAIA, Financial Risk Manager and Chartered Market Technician.

Q&A
with
**RYAN
BAILEY**
Chief Investment Officer,
Paradigm Institutional Investors



Ryan Bailey

Let's dive into his insights...

Vailakis: It has been roughly two years since you joined Paradigm. What have been some lessons you've learned being on the outsourced cio side of the business?

Bailey: My time at Paradigm has reinforced how deeply personal this work is. As an outsourced cio, we're not just managing portfolios – we're entrusted with stewarding the missions, values, and legacies of our clients. Many institutions we serve have generational roots in their communities, and that makes alignment and trust just as important as performance.

One of the most important lessons I've learned is that successful partnerships are built on empathy and understanding. Clients want to be heard. They want advisors who can translate investment strategy into real-world outcomes – whether that means preserving intergenerational capital, supporting grantmaking goals, or advancing impact objectives.

Another key learning has been around the need for operational resilience. As a newer outsourced cio, we've had to build institutional-grade systems and governance to serve our clients at scale without sacrificing the agility and client intimacy that make us different. Striking that balance has become central to how we deliver value.

Vailakis: The industry has seen significant shifts as wealth managers, outsourced cios, and consultants continue to diverge. What is your outlook for discretionary and non-discretionary advisory,

Continued On Next Page

PARADIGM: Clarity, Differentiation The Path Forward For OCIOs *Continued From Previous Page*

and what does that mean for small- and mid-sized outsourced cios?

Bailey: There's a clear divergence in the market: large platforms are consolidating and scaling, while smaller, focused firms are winning by offering tailored, values-aligned solutions. In the short term, we expect continued growth in discretionary models, particularly among clients with limited internal resources who are looking for integrated, end-to-end support.

Longer term, the advisory value proposition is evolving – from product access to holistic problem solving. Clients increasingly want partners who can help them navigate complexity: managing liquidity alongside private market pacing, aligning with evolving diversity and ESG frameworks, or responding to regulatory uncertainty.

For small- and mid-sized outsourced cios, the path forward is about clarity and differentiation. At Paradigm, that means owning our identity – leading with values, sourcing underrepresented talent, and building portfolios that achieve both financial performance and mission alignment. The market is competitive, but for firms that deliver authentic customization with credibility, opportunity continues to grow.

Vailakis: DEI has come under pressure at many organizations. How are your clients addressing the issue, and what types of dialogue are you having with them?

Bailey: The conversation has matured. It's less about labels and more about outcomes. The underlying idea – expanding access to talent, fostering innovation through different perspectives, and building stronger, more resilient portfolios – has always been sound.

What we're seeing is a shift in how organizations talk about and implement these principles. Clients are asking deeper and more nuanced questions. Where are we sourcing differentiated talent? How does that talent bring new ideas or networks to the portfolio? How do we define long-term value creation and community impact?

This isn't about compliance or box-checking – it's about aligning capital with long-term performance by accessing the full range of talent and perspectives in the market. Our clients – particularly foundations and mission-driven institutions – recognize that portfolios can and should reflect both their values and their performance objectives. So we keep the focus where it belongs: on accountability, transparency, and measurable results.

Vailakis: How does Paradigm approach active management in public markets, particularly in light of ongoing volatility and geopolitical uncertainty?

Bailey: We continue to believe in the value of active management. Often when passive management has outperformed and you have

very few names outperforming the index due to concentration, it sets up a great environment for active management. However, we make sure that it's implemented with discipline, purpose, and alignment to client needs. We're not chasing style shifts or short-term signals. Our focus is on building resilient public market exposures through managers with repeatable processes, clear risk frameworks, and the courage to be different from the index.

Given today's environment – marked by geopolitical tension, persistent inflation, and high policy uncertainty – we're emphasizing flexibility, downside protection, and income. That includes quality-oriented equity strategies, duration-aware active fixed-income, and real asset strategies with strong research depth and yield.

Equally important is how we manage liquidity. Many of our clients have dynamic capital needs – possible increased grant making, capital calls, or the need to have operational reserves. We complement their public market allocations with robust cash and short-duration strategies to ensure readiness without compromising return, while also utilizing some evergreen vehicles on the private side.

Vailakis: The private markets boom has slowed in recent years. How are you working with clients to adjust pacing and evaluate new opportunities?

Bailey: We are balancing the client's opportunity set and the ability to commit to privates with the possibility of greater needs or pulls on portfolios. We're helping clients recalibrate their pacing – not because the opportunities are gone, but because managing the existing portfolio thoughtfully matters more than ever. We're looking closely at GP behavior, capital call discipline, transparency, opportunity sets, and alignment. You need to have GPs that are very disciplined about what they pay for things, their use of debt, and their ability to manage and operate through tough times.

Opportunities still exist, but they do look different. We're leaning into secondaries, niche credit, smaller managers that prioritize operational value creation over financial engineering, and the ability to innovate and apply new technology. We're also excited about mission-aligned and diverse-led strategies that offer differentiated sourcing, especially in overlooked or underserved geographies. In a lot of these geographies the opportunities are greater than ever.

At the core, we're focused on building private portfolios that are not just diversified, but durable – grounded in long-term conviction and structured for flexibility. Our clients want to stay invested through cycles, and we help them do that by pairing strong governance with a clear pacing strategy.

Vailakis: Thank you for sharing your insights, Ryan.

Bailey: It was a pleasure to be a part of the Emerging Manager Monthly LP interview series. Thank you, Nancy.

Industry Talent Mismatch Drives Efforts To Enhance Performance Through Diversity: DAMI Webinar

Two tenured investment professionals discussed their respective approaches to diversity and inclusion during a recent webinar hosted by the Diverse Asset Managers Initiative.

For Andrew Junkin, cio of the \$115.2 billion Virginia Retirement System, he finds that there is a “huge inequality” between what the investment industry has identified as the talent pool from which it draws and the way the industry looks.

“Whether as a consultant or allocator, the goal is to generate high returns. And if there’s a mismatch between where the talent is and where the assets are deployed, we’re probably leaving returns on the table,” he said, during the webinar held on May 28.

Junkin, who [joined the Virginia plan in 2022](#) from the Employees Retirement System of Rhode Island after a [two-year stint as cio](#), is also the [former president](#) of investment consulting firm Wilshire.

“The majority of bachelor’s degrees have gone to women since the early [19]80s. The majority of master’s degrees have gone to women since the late 80s and the majority of Ph.D. have gone to women since the late 2000s, to say nothing of people of color. But to look at it another way, the vast minority of those degrees have gone to white men for a very long period of time, and yet our industry is overwhelmingly white men,” Junkin continued.

Specifically, he cited a recent figure that 70% of the industry is white men when looking at senior executives and portfolio managers. Further, when observing the breakdown of where the assets are deployed in terms of firm ownership, “according to the Knight Foundation, it’s far more stark than that,” he added.

“If we as an industry have decided [that] bachelor’s degrees, increasingly master’s degrees are kind of the table stakes for an industry, and Ph.D.s really are a growing part, why is there such a mismatch between where the talent is and the way our portfolios are invested?” he asked. “To me it was a question of this talent mismatch and what does that turn into in terms of lost return, in either percents or dollars, but I think that has been the fundamental basis for broadening the aperture on where Wilshire looked for talent, both in managers and in terms of people we hired to join the team, same thing at Rhode Island and same thing at VRS.”

Valerie Red-Horse Mohl, who was appointed deputy cio for responsible investing for the New York City Bureau of Asset Management [earlier this year](#), said that for her, as a Cherokee Indian and whose father was a full-blood Cherokee, diversity is “just part of life.”

Growing up in an urban environment in central California in a migrant Mexican farm working community, “I grew up thinking the world was diverse,” she said.

“When I got into finance, it was a headscratcher to me why I saw only one demographic accessing capital, and to this day what I think is broken in our system is access. We all know that talent is equally distributed but opportunity is not,” Red-Horse Mohl said. “If you simply look at numbers and do a mathematical equation,

I think white males are something like 48% of the population, women being 52%, but if 98% of our capital is with that one demographic, there’s got to be some mediocrity in there. How I’ve made my career is by looking to improve numbers by moving and shifting capital to diverse managers that have been overlooked and underrepresented, but then we get the best and the brightest.”

From 2020 until 2023, Red-Horse Mohl served as cfo at the Oakland, Calif.-based East Bay Community Foundation, which aimed to move capital more representative of the community, “and Oakland is one of the more diverse communities in the country, so it made sense to move the capital into diverse managers to be representative of the people we were serving and we started outperforming” she said.

“To me that just showed that I was doing my fiduciary responsibility because we saw outperformance in those underrepresented and overlooked managers. The difference is, though, I had a lot more flexibility because we were one entity with one fund, so to speak,” she added, noting that in her new role at BAM, they are working with the city’s five pension funds that make up the \$286 billion New York City Retirement Systems as well as their internal and external consultants.

“The pathways are a little bit more complicated but it’s the same ideology in that we want financial return, and when we think about pension funds, people need to live on that,” she continued. “They need to have return, you can’t be losing money for your pensioners, and so in New York City we take pride in our returns and we believe that by investing into diverse managers that are outperforming, we’re doing our fiduciary responsibility.”

The full webinar replay is available on DAMI’s [YouTube channel](#).



Andrew Junkin



Valerie Red-Horse Mohl

Editor's Note: Warren Buffett's announcement last month that he will be stepping down as ceo of Berkshire Hathaway brought many reflections on his impact on the investment industry. His announcement immediately led me to think of Ocean Park Investments Founder J. Dennis Jean-Jacques. In 2019, [my profile of Ocean Park](#) led with the story of how Buffett's 1960 partnership letter detailing his analysis of Sanborn Maps Company impacted Jean-Jacques. I asked Jean-Jacques to share his thoughts on Buffett as the world celebrates one of the most successful investors of all time. - Matthew McCue

Warren Buffett's Timeless Lessons That Helped Shape Ocean Park Investments

By J. Dennis Jean-Jacques

May 3rd, 2025 marked the end of an era. It was the last time we would see Warren Buffett on center stage at the Berkshire Hathaway annual meeting.

For me, and for countless other value investors, Buffett's legacy isn't just about compounding capital. It's about building a life and an investment firm with integrity, discipline and endurance. I'll share a few of these enduring lessons here, as I believe they will benefit all emerging managers.

Build an Apprentice Culture. To grasp Buffett's full significance, we need to go back. In 1949, Columbia University professor Benjamin Graham published *The Intelligent Investor*, reframing investing a piece of a business, not pieces of paper to trade. A young Buffett read this book, later studying and eventually apprenticing under Graham. To this day, Buffett speaks often about the timeless lessons he learned from Graham.

Also in 1949, Max Heine launched the Mutual Shares Fund using those same Graham-based value investing principles. Heine soon hired Michael Price, who built an engaging apprenticeship culture at Mutual Shares and later mentored two generations of investors including Seth Klarman, Meryl Witmer, David Marcus and myself. Michael Price encouraged his protégés to make pilgrimages to Omaha out of reverence for the uncommon wisdom of Buffett and Charlie Munger.

Be Persistent. During my first visit to the Berkshire Hathaway meeting over 25 years ago, then held at the old Omaha Civic Auditorium, I asked Buffett and Munger a question from the floor. Later, during a break, Susie Buffett, Warren's late wife, approached me. Perhaps I stood out being young, slightly nervous and one of the few person of color to step up and ask a question. She asked if I'd like to meet Warren, then walked me across the velvet ropes. "Keep it up," she said. "Warren wasn't accepted at first either." At the time, I didn't fully understand what she meant.

Later, I learned that Buffett, despite being Graham's best student, was initially rejected from joining Graham's hedge fund. Graham had committed to hiring Jewish analysts who were otherwise discriminated against. Buffett didn't complain. He persisted, offering to work for free and writing idea letters until Graham relented. Susie's encouraging words back then about perseverance took on deeper meaning as



Warren Buffett and J. Dennis Jean-Jacques

my career unfolded. I still keep a photo from that moment, Warren and me with Susie smiling in the background.

Keep Learning, Evolve. Buffett also never stopped improving. He began by applying what he'd learned from Graham, buying "cigar butts," or cheap stocks with one last puff of value left in them. But under Munger's influence, Buffett evolved, seeking great businesses with durable moats and strong management.

When I was a student at Harvard Business School decades ago, there was no formal course on value investing. So I designed an independent study, reverse-engineering the decisions made by top value investors at the time. That research study was published and became the book *The Five Keys to Value Investing*. Keep learning. But the most enduring influence on Ocean Park's approach didn't come from what I wrote, it came from the writings of Buffett as he continued to evolve in the years that followed.

Focus on Return on Behavior. In public markets, "return on behavior" is more sustainable than return on perceived fundamentals. Buffett's timeless advice, "be greedy when others are fearful," is easy to quote but hard to execute. His advantage wasn't on making predictions, it was on preparation.

Continued On Next Page

BUFFETT: Lessons From An All-Time Investor

Continued From Previous Page

This insight — preparation over prediction — shaped how Ocean Park operates. Three years ago, we made a very difficult and costly decision to evolve our fund. We run a low-net, risk-mitigation strategy designed to protect and compound capital, while staying prepared and agile in frothy market conditions. When inevitable disruptions or market dislocations arise, we look to concentrate capital in high-conviction opportunities that offer the potential for outsized returns.

Buffett realized early on that disruptions and market dislocations are not bugs in the public market, they are permanent features. Indeed, opportunities will present themselves, if you, as Buffett would say, “wait for the fat pitch.” Given current geopolitics and with the rise of ETFs and AI-driven, mechanical strategies that increasingly mimic human behavior, we believe a new era of elevated market volatility is just beginning. In the meantime, we are having the best performance in Ocean Park’s history.

Temperament Over Pedigree. Buffett often said temperament trumps intellect. In investing, the competition isn’t the market, it’s your own emotion.

At Ocean Park, I brought decades of investment experience. But during opportune moments, it was our temperament that proved most valuable. We call it “going cold” during vintage periods of market dislocation, tapping into a deliberately detached, almost numb-like mindset that serves as a strength amid volatility. It’s similar to a surgeon who must emotionally distance themselves from pain in order to provide the right treatment to a patient. The surgeon goes cold. This same temperament is essential when navigating dislocation periods with forced sellers and fewer buyers in the marketplace. As Buffett would say, equanimity becomes a true competitive advantage.

Seek Alignment and Duration. Buffett’s best returns came after age 60. Success isn’t a sprint, it is endurance. Buffett’s genius wasn’t

Watch Jean-Jacques asking Warren Buffett and Charlie Munger a question at the 2000 Berkshire Hathaway Annual Shareholders Meeting

just picking stocks, it was designing a structure at Berkshire that gave him time to thrive. He aligned Berkshire’s capital for duration, allowing him to stay resilient and opportunistic when others were often forced to react emotionally.

At Ocean Park, we’ve deeply internalized this lesson. We believe enduring success requires more than good performance. It demands the right fund structure, supported by the right LPs and disciplined execution. This structural advantage — alignment and duration—is one of the most important lessons from Buffett.

A Final Thought. Not too long ago, value investing was declared dead. Buffett was seen as a relic. Now, barely a week goes by without a private equity manager, Fortune 500 CEO, or Tiger hedge fund adopting the “Warren Buffett model”

At Ocean Park, we don’t seek to imitate Buffett. Rather, we seek what he sought: resilience, agility, and duration. The world will keep shifting. Valuations and geopolitics will change. But human behavior resides in a constant pendulum. That’s where Buffett thrived and where Ocean Park operates with conviction.

For those intent on building enduring firms, Buffett gave us the blueprint. But execution is up to us to bring our own voice, our own strategy and the right temperament to the table.

Thank you, Graham, Price and Buffett. We’ll take it from here.



J. Dennis Jean-Jacques

Read our original feature on Ocean Park Investments and the influence of Warren Buffett from our April 2019 issue.

[Click Here](#)

Illinois Municipal Primed To Remain Leader In Diverse Investing

The \$55.2 billion Illinois Municipal Retirement Fund has long been at the forefront of the institutional emerging manager space.

Led by CIO Angela Miller-May and assisted by Managing Investment Officer of Diversity Programs and Total Portfolio Rosa Perez, who returned to the role nearly 10 years ago after a two-year stint leading the New York State Common Retirement Fund's emerging manager program, IMRF reached a new high of approximately \$14.5 billion in total assets managed by minority-, women- and disabled-owned investment managers, accounting for 26% of total plan assets.

"Overall, I am proudest of the progress we have made in allocating capital to MWDBE firms," Perez said, in an e-mailed response to questions.

That \$14.5 billion figure includes \$13.5 billion in direct mandates and another \$1 billion with funds-of-funds or managers-of-managers, which consists of Artemis Real Estate Partners and 1 Seed Partners in real estate, Attucks Asset Management in fixed-income and Xponance in international equity.

The Attucks portfolio consisted of sub-allocation investments with Barksdale Investment Management, Ducenta Squared Asset Management, Integrity Fixed-Income Management and Ramirez Asset Management, while the Xponance portfolio consisted of ARGA Investment Management, Centerstone Investors, Channing Global Advisors, Foresight Global Investors, Frontier Global Partners, Haven Global Partners, Martin Investment Management and Redwood Investments as of June 30, the most recent information available.

The plan also enlists Abbott Capital Management, Goldman Sachs Asset Management and Pantheon to handle broad alternatives mandates that also invest in

10 Years Ago

Illinois Municipal Retirement Fund Welcomes Back Emerging Manager Program Staffer

Rosalinda Vasquez will return to the \$35.6 billion Illinois Municipal Retirement Fund this month as an investment officer for the plan's emerging manager program and total portfolio, Spokesman John Krupa said, in an e-mail.

Vasquez is expected to start in the currently vacant position on June 15, Krupa said.

Vasquez served as investment analyst for the plan's emerging manager program and total portfolio before taking the director of emerging managers position at the \$183.5 billion New York State Common Retirement Fund last year (EMM, 7/3/14).

The plan restructured its investment department last year, which included the creation of the investment officer position,



Rosalinda Vasquez

according to Krupa. He added that Gabriel Ayorosa had spent time in the position over the last year but now serves as a public markets investment analyst for the plan.

The plan began a search last month to hire both an investment officer as well as an associate investment analyst for the emerging manager program, as reported by EMM in April.

Krupa was unable to provide information on the plan's efforts to fill the associate investment analyst position.

Vasquez departed the New York Common plan on May 20, Spokeswoman Nikki Jones said, in an e-mail. She added that the plan expects to conduct a replacement search as soon as possible.

minority-, women- and disabled-owned firms, according to Perez.

To get on the plan's radar, Perez directed managers to reach out directly or to respond to RFPs as they become available, however, she noted that IMRF can-

not engage with placement agents. the additions of private credit and private infrastructure to the alternatives portfolio, including a dedicated 4% target to the latter, as well as "a shift from our private equity mandates being primarily managed by our separately managed accounts (fund of ones with Abbott, Pantheon and Goldman) to making direct primary commitments to funds managed by IMRF Investment Staff," Perez said.

The plan partnered with a new minority-owned private equity manager as recently as last week when it committed up to \$75 million across Khosla Ventures IX, Khosla Ventures Seed Fund G and Khosla Ventures Opportunity Fund III at its May 30 board meeting.

Other recent commitments to diverse-owned private equity managers include up to \$100 million to Strategic Value Partners' Strategic Value Special Situations Fund VI and \$40 million in total across Base10 Partners' Base10 Seed & Series A Fund IV and Base10 Series B Fund II in February, while the plan approved a \$50 million credit commitment to Turning Rock Partners Fund III in December.

Perez and Investment Analyst for Portfolio Operations and Diversity Programs Edward Bush are part of a Miller-May-led 17-person investment team, 15 of which have been hired or rehired in the last 10 years, that has continued to emphasize and promote the diverse manager space.

"It takes a village to make IMRF's entire investment program successful," Perez said.

"We have the support of the IMRF Trustees and the Senior Leadership Team, and the entire Investment Staff is dedicated to collaborating with MWDBE firms. I believe our performance results and the growth in assets with MWDBE firms demonstrate that it is possible to have a successful portfolio diversified by asset class and manager," she said.

I believe our performance results and the growth in assets with MWDBE firms demonstrate that it is possible to have a successful portfolio diversified by asset class and manager.

The plan also offers and utilizes several other avenues for discovering new emerging firms, including its RFPs, diverse manager days, the fund-of-funds and manager-of-managers partners, general investment consultant Callan and industry partners and conferences as well as other pension peers and spinouts from existing managers, according to Perez.

Changes within the fund's overall portfolio over the last 10 years include

FIN News, New America Alliance Launching New Profile Series

FIN News and Emerging Manager Monthly have kicked off a new series with the New America Alliance.

The In The Spotlight series will highlight NAA members through a discussion with Senior Reporter Danielle Correa that explores the firm's niche expertise, key strategies and market outlook.

The first In The Spotlight profile will feature Corbin Capital Partners, a nearly \$10 billion majority women-owned alternative asset manager specializing in niche strategies such as private credit secondaries, litigation finance and asset-backed finance.

The series will be available on the Emerging Manager Monthly website as well as the New America Alliance website.



NEWS BRIEFS

► Amy Ridge, a partner in investment consultant Mercer's alternatives group, is leaving the firm, according to video of the New Mexico State Investment Council's May 27 meeting.

Ridge informed the council that the May meeting would be her last and that Principal Gurjeet Dosanjh will replace her role as co-consultant alongside Partner Richard Pugmire at Mercer, which provides private equity consulting services to the plan.

She also led Mercer's diverse manager research and investing and chaired the firm's DEI Investment Committee, according to her biography on the firm's website.

She first joined Mercer when the firm acquired her previous employer Pavilion Alternatives Group in 2018.

Mercer Spokesperson Cassie Lenski did not respond to an e-mail request for comment.

► Luke McCarthy has joined the credit team at Homestead Capital as a director, the firm announced.

McCarthy will lead loan origination efforts to accelerate the firm's expansion of its agricultural lending operations in the new role, the firm said, adding that he will specifically focus on building relationships with farmers, ranchers, agricultural executives and fund managers across the U.S.

McCarthy, who was raised on his family's pear, apple and cherry farm in Oregon and remains active in its operation, was most recently executive director for PGIM Real Estate, where he originated and managed more than \$1.3 billion in agribusiness and farm real estate loans.

A PGIM spokesperson did not respond to an e-mail seeking comment on his departure.

San Francisco-based Homestead manages more than \$1.6 billion in equity and credit assets for pension plans, endowments, foundations, insurance companies and family offices, according to the firm.

The firm was [first profiled in EMM](#) in April 2017.

► Aoifinn Devitt, a senior investment advisor at financial services company Moneta and founder of Fiftyfaces Productions, took the time to answer 5 Questions from FIN News.

The discussion includes a look back at her time as cio of the Chicago Policemen's Annuity and Benefit Fund and the genesis for her launch of the Fiftyfaces podcast, which now has over 400 stories.

The article is available to subscribers of the FIN News [website](#).

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*Data as of 5/31/2025

LGBTQ+: Executive Orders Impacting Organizational Support *Continued From Page 1*

executive order was the removal of workplace protections for nearly 14,000 transgender federal government employees and more than 100,000 LGBTQ employees of federal contractors, according to data published by UCLA's Williams Institute in January.

"Protections from discrimination and harassment based on sexual orientation and gender identity provided by executive orders are important to hundreds of thousands of LGBTQ federal employees and employees of federal contractors and subcontractors," the institute stated. "President Trump's January 21 executive order eliminates these protections and protections based on other personal characteristics. The order will have a particularly severe impact on transgender and nonbinary workers and LGBTQ people with multiple marginalized identities."

In a letter to partners published in April, Brown stated that she no longer plans to move to Kentucky, the state she grew up in and where the firm is headquartered, saying in the letter that, "Sometimes, the decisions we make to reduce tail risk are not purely financial"

"I'm not as in love with the state. I don't feel protected there," she told EMM, adding that in the meantime, the potential of opening a second office in Canada is being considered as "I am still very much trying to figure out how bad things are going to get."

"I, like everyone else, have a lot of normalcy bias and don't want to think about the United States falling into a fascist society essentially, but also it is really scary and bothersome that the President's immigration policy and his LGBTQ policies are his most popular policies at this point," she continued.

The impact of the executive orders have been felt across the industry.

"I am in a firm where over 50% of revenue is from the US government and the penalties of not complying with the DEI order are severe within government contracts. So severe that the policy changes have been very harsh and conservative. We completely eliminated our DE&I team at HQ and the business units — over 20 jobs were eliminated. We dismantled all of our global [employee resource groups], charity support to organizations and all programs thought to possibly conflict with the EO," said a cio of an American corporation, who provided written responses to questions on the basis of anonymity.

"With every company the short term effects are astounding ... job losses, companies trying to keep their culture intact, employees upset because no one is fighting back, people that were felt supported by a community and the company, no longer know if they will continue to receive the respect and feel valued," the cio continued.

Echoing similar sentiments as Brown, the cio also noted that these impacts are even worse for LGBTQ individuals in "deep red states"

"In many ways it's worse for the LGBTQ individuals especially in deep red states where there is more hatred. Where some groups are feeling that they will no longer be valued or have mentorship or sponsorship, these individuals are worried about their physical safety," they said. "Today started pride month. In many corporations it took years for companies to raise the flag during pride month. It is a visual representation that the community is welcomed and should feel safe in that



Tom Soto

dwelling. Many corporations will no longer fly pride flags. We used to have over 100 locations ... this year it will be zero. We even have a new policy that says we cannot."

Longtime investor Tom Soto, who manages his family investment office Latimer Partners, finds that recent attempts to pare down DEI initiatives in finance and investments, as well as the broader workforce, is an effect of the pendulum swinging through a new administration.

"All of us have seen the pendulum swing one way and then it goes back the other. And that's what we're experiencing," he said. "A year ago, half of America was happy with the direction things were going and half of the country was not, and after the elections, it basically flipped. So those people that were happy are now unhappy, and those that were not happy are now very pleased with the direction that things are going. And the pendulum will swing back."

As anti-DEI rhetoric begins to take root, the ripple effect is already being felt as some of the largest asset managers are tossing their DEI goals and restructuring their teams.

However, hope remains that the damage can be repaired once the pendulum swings back.

"This is not my first rodeo," Soto said. "I've seen this and the pendulum swings back and I don't think that it necessarily kills DEI or ESG. It kind of will slow it up and mess it up intentionally, but I don't think that the essence of it is going to be that disturbed."

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LGBTQ+: External Pressures Leading To Internal Struggles

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The Impact Of Anti-DEI Rhetoric On LGBTQ+ Community

For some in the investment management industry, the impact of anti-DEI rhetoric extends beyond the hypothetical.

“Not just in finance, but of course, across the board, I feel like every trans person in the country is in danger of losing their healthcare. It’s a very dire circumstance. And it’s not just trans people, but it feels like there’s been more open tolerance of hatred toward all LGBTQ people,” Brown said.

She noted that being trans is “so incredibly coded for class,” as those that have grown up in an upper-middle class or upper-class family and transitioned earlier in their lives may have a more normal economic life.

“But for everyone else, I mean, it’s a group where there’s like 85% of people, at least, have experienced employment discrimination,” she said, acknowledging that as a later-in-life transitioner she was established in her career and more insulated from those impacts. “I’m really fortunate. It’s kind of why I’ve tried to be as out as I can be,” she said.

A Williams Institute at UCLA School of Law study released in November 2024 showed that 82% of transgender employees have experienced discrimination or harassment at work at some point in their lives.

One of the ways that Brown is working through this period of uncertainty is by doing her job well.

“It’s kind of this magical opportunity that I’ve been given to get to be at the head of this professional gambling/money printing operation,” she joked. “It definitely frees up a lot more resources if I am executing effectively. Because money is protection to some extent and it’s something that you can help protect other people with as well.”

Jackson Block, ceo of nonprofit LGBTQ+ VC, has also seen a direct impact as there have been suggestions to remove the LGBT reference from the name, which Block had an emphatic answer of “no.”

“LGBT+ VC is a formula for success — and the components are interdependent,” Block said. “You need LGBTQ communities to diversify the venture capital asset class. And to generate venture-backable returns, you need LGBTQ innovators and investors deploying capital with vision and velocity. That’s always been my philosophy. And yes, we’ve experienced the pushback, but we’re unstoppable.”

The New York-based organization was launched in 2023 with a focus on queer prosperity and economic mobility for the community through its education and workforce development programs.



Jackson Block

Block’s organization has also seen change as a result of the anti-DEI movement with people going “stealth mode” in terms of support through more anonymous gifts.

“I deeply respect every donor’s right to privacy and anonymity. At the same time, I urge our supporters — especially those with institutional influence — to stand with us publicly. We’re on the front lines for communities and families impacted. Visibility matters. We are stronger when we show up in numbers — especially in venture, where capital and conviction move markets,” he said.

Block acknowledged that he has been disappointed not only by “the discrimination externally that has been normalized so quickly,” but also in the reluctance from the LGBTQ+ community itself.

“When I share that it was an LGBTQ foundation that once suggested we change our name — that we operate under a DBA to avoid backlash — people are often surprised. But that’s what internalized oppression can look like,” he continued. “Whether it’s antisemitism, homophobia, transphobia, or misogyny, when these forces are absorbed rather than confronted, I worry. Still, I believe we can unlearn. We can grow. The arc can bend back toward progress.”

An important component of navigating these times when LGBTQ+ individuals at firms may be feeling unsure or concerned with the current political climate is that of allyship and community.

In EMM’s June 2023 issue, the LGBTQ+ feature focused on just that — the experience of LGBTQ+ individuals within asset management and finding help in resource and networking groups to create an inclusive community.

One such group covered in the feature was the All Equals LGBTQ+ employee networking group at Natixis Investment Managers that was formed in 2020 and led by Jim Cove, executive v.p. and head of U.S. marketing at the firm.

Now in a time where some firms and organizations are paring back their DEI efforts, firms like Natixis are proud of their employee groups and what they can provide.

“As a multi-affiliate manager, diverse investment approaches and points of view are the core of our business and our culture,” Cove said. “Our employee networking groups like All Equals are really an extension of that culture, and that’s something we want to foster and nurture. Our ENGs are also an important resource for us to attract and

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LGBTQ+: Advocates Focused On Support While Others Retreat *Continued From Previous Page*

retain talent, and to help build understanding and encourage collaboration across the organization.”

Helping to make LGBTQ+ employees feel valued during these times does not always have to be done in grand gestures, according to Cove.

“Like all talent, LGBTQ+ employees want to feel valued. At Natixis, we appreciate the senior management support we receive and the resources they invest in supporting our employee networking groups,” he said. “But you don’t necessarily need to make grand gestures to make people feel valued. Sometimes it’s the little things, like taking the time to listen, or colleagues putting All Equals stickers on their laptops, or senior executives attending our ENG events.”

Cove has also found that for employees to perform to their best ability, they need to feel safe.

“For us it has always been about attracting the best people and leveraging their talent to serve our clients, so we want to cast a wide net to identify those people wherever they are and make sure their voices are heard. For our employees to perform their best every day, they must feel safe and respected to share their ideas and be fully engaged in the workplace. In a very competitive market, people from different backgrounds with different perspectives force us to challenge the status quo and innovate, and they also help us to relate to an increasingly diverse client base,” he said.

Brown has found strength in another form of allyship – that of other queer people being allies for trans people through her first outside investor, Andrew Tobias, an American author and “an older cis gay man,” she said.

She noted that Tobias has been a fierce advocate even before she came out, as well as a huge supporter of LGBTQ causes in general.

“I think there’s a lot of really kind people in finance. I’ve been almost like surprised by the exceptional level of kindness,” Brown added. “I think the reason that trans rights are so far behind gay rights is that only 30% of people actually knowing a trans person personally is just such a like a huge barrier to understanding us, and I think that’s a big thing.”

The Dismantling of DEI Goals

In the wake of discussions on repealing DEI, various news reports were published earlier this year that the world’s largest asset manager BlackRock had cut references to its DEI strategy in its annual report.

Specifically, in BlackRock’s 2023 annual report, the firm included a dedicated section on DEI that led with the statement: “BlackRock believes a diverse workforce with an inclusive and connected culture is a commercial imperative and indispensable to its success. Ultimately, a dynamic, inclusive organization allows BlackRock to attract and retain top talent around the world and to stay ahead of its clients’ needs.”

Meanwhile, BlackRock’s 2024 annual report contains zero references to DEI, according to a comparison of reports.

During BlackRock’s annual meeting of shareholders held on May 15, the firm was asked where it was in “dissolving ESG and DEI and similar programs.”

While BlackRock CEO Larry Fink did not address the dissolution of any such programs directly, he stated that, “We’re committed to

building a connective and inclusive culture. We welcome people from different backgrounds and perspectives to foster creative solutions and avoid group think. Those are the values, but these values have not changed since we created BlackRock over 37 years ago. And our approach continues to resonate with our clients and our employees,” according to a transcript from the meeting.

In the June 2024 issue of EMM, a spotlight piece on Erica Seremeta, head of DEI client engagement at BlackRock, was included in the LGBTQ+ feature, detailing her gender transition journey and her work in providing understanding of the firm’s DEI strategy.

Seremeta, who now holds the title of head of talent and culture client engagement at BlackRock, declined to participate in this year’s story.

Some of the nation’s other largest investment managers have made similar moves in recent months, including State Street Global Advisors, which removed a requirement from its 2025 global proxy voting and engagement policy that company board nominations include a certain percentage of women directors.

Vanguard Group also removed “some” guidance that U.S. companies include women and minority directors, according to reports.

Meanwhile, during Goldman Sachs’ annual shareholders meeting in April, two anti-DEI proposals were overwhelmingly rejected, receiving only 2% of shareholder support. However, like BlackRock, the firm also dropped a section on diversity and inclusion from its annual

You don’t necessarily need to make grand gestures to make people feel valued. Sometimes it’s the little things, like taking the time to listen, or colleagues putting All Equals stickers on their laptops, or senior executives attending our ENG events.

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LGBTQ+: LPs Play Leadership Role In Addressing Issues

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report.

Soto noted that those who have been embracing DEI, especially following the murder of George Floyd, are now “allowing themselves to be manipulated by threats or by policy changes” and are not the leaders.

“They were followers, the large-cap, institutional, Anglo funds out of New York or Chicago, wherever,” he said. “They embraced it because their LPs embraced it, and their LPs embraced it because the LPs look like me and you, right? They have trustees that are queer, that are teachers, that are labor leaders, that are women, that are on par, left of center, by nature.”

The leaders have been the smaller emerging managers in the space, “especially those that have been incubated so to speak from the New America Alliance, the National Association of Investment Companies, the Association of Asian American Investment Managers, the Toigo Foundation is a great source of talent in that area, [National Association of Securities Professionals] has been around for 60 years,” he said, noting that he was a founding member of NAA as well as a long-time chair and board member.

For firms and corporations like that of the anonymous cio which have had to eliminate its DEI teams and initiatives, there are still people within those organizations working to maintain a culture of welcoming and acceptance.

“They can have a strong code of ethics that discusses value, respect and lack of discrimination, they can have policies where employees are fired for poor behavior, etc,” the cio said. “We are going to create ‘communities;’ they are not thought out yet but think of the old fashion clubs. Like young engineers – probably will be a LGBTQ community. They will be able to support each other but will no longer have executive sponsors, help create company policy, be professionally developed, etc.”

Following President Trump’s signing of the executive orders in January, Thembeke Stemela Dagbo, fund manager on the sustain and impact team at London-based global investment manager M&G Investments, published her insights on the belief that DEI does not “hurt institutions nor compromise merit.”

“DEI can provide a platform for businesses to better execute their strategic goals, against a backdrop of evolving customer and employee needs, as societies become increasingly global and under-represented groups enhance their spending power,” Dagbo wrote. “It is no coincidence that, despite dramatic pushback and against growing dissenting voices, many of the largest and best performing companies in the US remain committed to their DEI commitments.”

Dagbo also noted that signing of the executive orders “galvanized” many in the U.S. business community to “remove or water down such programmes, as they increasingly threaten their relationship with the new administration, and potentially pose risks to their federal contracts.”

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LGBT+ VC Launches Center For LGBTQ+ Innovation

Nonprofit LGBT+ VC is launching a first-of-its-kind Center for LGBTQ+ Innovation amid its third annual LGBT+ Venture Capital Summit being held this week.

The center, which will be located in New York’s Silicon Alley, will serve as a hub powering LGBTQ and ally technology and AI founders, “funding bold ideas, and rewriting the rules of venture,” according to the organization.

The key features for the new initiative will be its investor network that provides access to values-aligned funds and co-investment opportunities; research and data, including original studies on queer economic mobility, startup ecosystems and capital gaps; and a coalition-led environment that is built in partnership with venture firms, academic institutions, public leaders, creatives and grassroots leaders, the organization said.

“We’re really excited to create a home where we can obviously have these conversations 365, 24/7 around how we empower LGBTQ and allied communities in AI, financial services and technology – high growth, high paying careers – and also focus on building innovation,” CEO Jackson Block said. “This home is where these conversations – around LGBTQ empowerment in AI, fintech, and high-growth sectors – can happen year-round. The Center for LGBTQ Innovation is a catalyst for career mobility, startup creation, and future-focused policy.”

“Our flywheel is simple: more LGBTQ investors mean more investment, more job creation, and ultimately more resources recycled into our nonprofits and communities,” he continued. “With the Center for LGBTQ Innovation, we’re really excited about making New York a leader for the world in modern innovation.”

“At a time when LGBTQ+ rights are under attack across the country, the creation of the world’s first Center for LGBT+ Innovation from LGBT+ VC is a powerful declaration of hope and progress,” New York City Council Member Erik Bottcher said, in a provided statement. “Located right here in the heart of Silicon Alley, this new hub will empower LGBTQ+ technologists, entrepreneurs, and creatives to build the future – and to do so in a space where they are seen, valued, and supported. I’m proud this visionary project is launching in our district, and I can’t wait to see the breakthroughs it inspires.”

New York-based LGBT+ VC, which was launched in 2023 to focus on queer prosperity and economic mobility for the community through advancing the LGBTQ and allied venture capital community, has honed in on the rule of threes for this year: building wealth, work and wins for the community.

Hosting its third summit on June 5, the event will include a panel consisting of the Elton John AIDs Foundation and Adjuvant Capital discussing AIDS and the alpha of investing in solutions around HIV/AIDS and STIs.

“This is a conversation the venture industry has never had – and it’s long overdue,” Block said. “Ending AIDS in our lifetime is not

See CENTER, Next Page

LGBTQ+: Progress Is Not A Straight Line As Efforts Continue *Continued From Previous Page*

She emphasized that DEI is not only good headline representation for firms, but it is also “supported by inclusive policies that lead to greater participation of women and other underrepresented groups in the workplace.”

“Walking back these efforts can create unintended consequences, which go beyond the targeted groups,” she said. “While some companies may be less vocal about their diversity efforts, investments made into inclusive programmes will not be so easily rolled back without significant employee pushback. These programmes and benefits have also become an effective tool in attracting the best and brightest talent – something that companies will not be as willing to forego.”

Dagbo has also found that the current “loud rebuking of DEI practices” provides an opportunity to “look through the noise.”

“In an ever-changing world, it allows us to discern genuine inclusion from the performative – and we are willing to take on the challenge,” she said. “This provides us with opportunities to invest in companies that are focused on their long-term prospects, and the key role that DEI can play in driving their future performance and longevity.”

This Too Shall Pass

As the pendulum swings to one side and the waiting period begins for the swing back, it is important to remember that “this too shall pass,” according to Soto.

“I think that there’s a possibility that a lot of the progress that has been taken off the table policy wise and politically can be resuscitated if it’s not too late. Humanity is not going to change its stripes, policy can. And then policy has to catch up to where humanity needs to be. That’s how civil rights went – it took a hundred years from the end of the Civil War to get the Civil Rights Act passed. Things happen very, very slowly and the wheels of democracy don’t go very fast,” he said.

He also acknowledged that the concept of “sitting tight” doesn’t necessarily mean do not go out and protest or write opinion pieces

that challenge the status quo, but to not despair and think everything is permanent.

“The foundation of our democracy is much stronger than one administration, 15 members of a cabinet and the president. Eventually there’s going to be a crack in the strategy and the pendulum is going to let loose,” he said.

Referencing Dr. Martin Luther King Jr., Soto underscored that “no one is born to hate.”

“No one is born bad. We are all born true, loving and compassionate. We smile and feel and cry when born, thus, it’s easier to love and it’s easier to be supportive and it’s a real challenge to hate and destroy,” he continued. “We need to believe in human nature and have faith in the strength of democracy, the strength of our economy, and human nature itself that we allow that pendulum to swing like it does in its natural form and accept the outcome and move forward.”

Aristides’ Brown finds that she is in a place where she is just working through it.

“I know people have responded to the political environment in so many different ways and I know so many people who are almost overwhelmed or it’s hard to function,” she said. “And I think that was me and then at a certain point, it’s like, if I’m too overwhelmed to do anything but be sad, then I’m not really doing myself or the people around me any favors and I need to like just get myself together and work through it.”

For now, Brown is trying to focus on the “happy small things,” like her family and friends, as well as work and her colleagues.

Block pointed to a lesson for not only the students in LGBTQ+ VC’s programs, but for everyone: “Be who you are. It will always be your strength. It’s not a liability. It’s an asset. Who you are is an asset, and I will say that in the financial way.”

“Diversity is in the bear market and if diversity is in the bear market, that means you should double down on the investment,” he said.

CENTER: LGBTQ+ VC Celebrates Successful Venture Training Program *Continued From Previous Page*

just a public health goal; it’s a venture-backable opportunity. There are real companies, real technologies, and enduring investments to be made in healthcare innovation.”

Additionally, there will be a panel on “sapphic success” looking at the number of LGBTQ women fund managers, including trans and non-binary, and then a third panel on how to close a fund.

LGBT+ VC has already slated its fourth annual summit for June 25, 2026 in New York, Block added.

The organization also recently celebrated over 100 students served in its venture training program, a majority of whom were women, trans and nonbinary and also first-generation college students.

“This cohort – nearly half of them are not out to their families,” Block said. “That tells you just how vital this space is. Yes, it’s a financial education program, but it’s also about personal transfor-

mation. It’s about leadership, identity, and finding your voice. Over 70% of our students have gone on to work in VC or VC-adjacent roles. This work is changing lives, and diversifying venture capital leadership.”

Block said that the organization is on a campaign not only for the new innovation center, but also for its Young Investor Fellowship Program.

“Our work has always been powered by generosity. That includes individual donors, supportive firms, and philanthropic partners,” he said. “The cost of a single fellowship is about \$50,000 when you account for curriculum, mentorship, travel, and volunteer time. It’s the equivalent of an executive education – for a college student. So my call to action is simple: give, and give generously. Not just during Pride, but as part of building the next 100 young LGBTQ investors. The ripple effect is compounding.”



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Compliance Column



Elizabeth Cope has over 20 years of experience working with investment advisers of all sizes, across all asset classes, within the United States and parts of Asia and Europe. She currently assists investment advisory firms and their CCOs with policies and procedures development, regulatory filings, annual review planning and oversight, forensic testing, marketing material reviews, and mock SEC examinations.

SEC Restructuring in 2025

By Elizabeth Cope, SEC Compliance Solutions

With every new administration comes a shift at the SEC. During his tenure, new SEC Commissioner Paul Atkins has publicly stated his goal to de-politicize the department and streamline the agency. He is focusing on the basics of preventing investor harm through billing, valuation, and disclosures rather than the recent focus areas of record keeping and off-channel communications. Alongside a description of the staff changes, we will provide a summary of office location changes and the workforce reduction. The SEC has seen a significant amount of change throughout the first half of 2025, and we will only be able to see the impact of these changes with time.

New SEC Chairman

The SEC has five commissioners who are appointed by the president of the United States with the advice and consent of the Senate. Terms last five years and are staggered so that one commissioner's term ends on June 5 of each year. The chairman and commissioners may continue to serve up to approximately 18 months after terms expire if they are not replaced before then.

To ensure that the Commission remains non-partisan, no more than three commissioners may belong to the same political party. The President also designates one of the commissioners as chairman, the SEC's top executive.

Atkins was sworn into office as the 34th chairman of the SEC on April 21, after being nominated by President Donald J. Trump on Jan. 20, and confirmed by the U.S. Senate on April 9. He was previously appointed as commissioner from 2002-2008 by President George W. Bush and also served on the SEC staff from 1990-1994.

Atkins wants to promote, rather than stifle, innovation at the SEC: "The mar-

kets innovate, and the SEC should not be in the business of telling them to stand still."

Focus as SEC Chairman

- Digital Assets and cryptocurrency – shifting toward a more measured enforcement approach with clear, rational, coherent, and principled regulations.
 - o During the SEC Speaks Conference on May 19, Atkins stated that he wants to make it possible for broker-dealers to custody and trade cryptocurrencies, so that they are part of a regulated environment, regardless of whether or not the assets are considered securities.
- Market Efficiency – promoting streamlined regulations to enhance capital formation and innovation
- Cost-Saving Measures – implement efficiency measures to reduce federal spending
 - o Integrate FinHub into other parts of the agency.
 - o Investigate the costs of the system "CAT" and review the reporting requirements.
- Depoliticizing Regulation – keep political considerations separate from securities law to maintain integrity
- Investing in Private Funds – allowing closed-end funds to invest more than 15% in private funds without the current restrictions in place.
- Investor Harm – including actual fraud, repayment, and reimbursement to investors.
 - o However, certain non-fraud fundamentals will remain areas of enforcement focus, including compliance, valuation, billing and disclosure (focus on retail investors).

o In practice, we expect this shift will mean renewed interest in investment advisers' and broker-dealers' non-fraud fundamentals, as opposed to the recent focus on record keeping and off-channel communication matters.

Elimination of Regional Director Roles

In April 2025, the SEC removed positions of regional directors across its ten offices. Regional directors oversaw both the office's enforcement group as well as the examination program and managed the administration of their office. Regional directors would also interact with regulators and law enforcement.

The functions that a regional director performed in each of the ten offices will be reallocated to three deputy directors who will oversee three new regions:

- West
- Northeast
- Southeast

There will also be a deputy director for specialized units. The current regional directors were reassigned into new roles. Despite these changes, the SEC's regional offices will still have directors to handle operations. This effort of consolidation aims to streamline management and reduce costs. It may impact the speed of investigations.

Closure of Regional Offices

In March 2025, the government's General Services Administration stated that they would be ending the leases for the following offices:

- Salt Lake City office closed in 2024 due to a high-profile failure in a crypto case
- Los Angeles Regional Office lease terminated (by September 2025)

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COLUMN:

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- Philadelphia Regional Office lease terminated (by August 2025)
- Chicago Regional Office lease is intended to be terminated (by August 2025)

The closures were made to “reduce space and related costs,” according to SEC COO Ken Johnson, who clarified that the lease terminations are not associated with any reorganization or reduction in personnel. Staff will work remotely full time if new spaces are not ready before the leases are up.

Workforce Reduction

Reuters reported in April 2025 that the SEC had lost approximately 16% of its staff. This figure included 600 staff members who left in February 2025, accepting offers to resign and retire early. Departures include senior staff members. Divisions with greater losses and gaps in coverage include Trading and Markets and Office of the General Counsel.

- Trading and Markets - Oversees the major components of the securities markets, including broker-dealers, exchanges, clearing agencies, and other market participants.

- Office of the General Counsel - Acts as the chief legal advisor to the SEC and provides counsel on all legal matters involving the agency.

Centralization of Enforcement Authority

In March the SEC issued a final rule to rescind delegation of formal investigative authority from the Enforcement Divisions director. Since 2009, after the financial crisis, the head of the Division of Enforcement was able to issue orders of investigation and lower-level enforcement staff could issue subpoenas for documents by testimony in pursuit of that investigation. Now, only a majority vote of the sitting commissioners can authorize formal orders of investigation. The SEC’s goal with this change is to centralize control of enforcement actions.

Legislative Reforms

The SEC Reform and Restructuring Act (H.R. 8339) has been introduced in Congress. The bill was first introduced in the House on May 10, 2024, aiming to reduce costs and create efficiencies by proposing measures such as:

- transferring the Public Company Accounting Oversight Board (PCAOB) to be under direct SEC control,
- mandating periodic reviews of final

rules, and

- requiring semiannual testimony to Congress on SEC activities.

During the SEC Speaks Conference on May 19, Atkins felt that the SEC could handle the PCAOB’s tasks, if they did integrate, and that adequate funding has been worked into the bill. Others have expressed concern in eliminating the PCAOB as an independent entity. Founding PCAOB members noted that adding auditor oversight to the SEC could dilute both the PCAOB’s function and the SEC’s ability to fulfill its investor protection mission. Currently, the SEC oversees the PCAOB without investing its limited resources in daily auditor oversight, a model they believe works well. The decision on this bill will ultimately fall upon Congress.

Conclusion

Change seems overwhelming when it all comes at once, but ultimately, these changes are attempting to consolidate and streamline the SEC’s staff and functions for efficiency and cost savings. We have yet to see the impact on investment advisers. In our opinion, we don’t expect examinations to slow down, but rather that enforcement may become more practical and aimed at client harm, rather than administrative matters.

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GCM GROSVENOR

Illuminating The Path Forward For Next Generation Managers & Staying The Course

By Nancy Vailakis

Illumen Capital partners with institutional investors to back the next generation of venture and private equity managers. The firm is an approximately \$300 million fund-of-funds focused on investing in funds across five verticals: education, health and wellness, financial inclusion, climate and sustainability and inclusive systems.

Octavio Sandoval is a principal at Illumen, an alternative investment firm focused on reducing racial and gender bias in investing.

Prior to joining Illumen, Sandoval was a director of alternative investments at MassMutual, where he helped build the emerging fund manager program, allocating \$50 million to various BI-POC-led funds.

Octavio holds a Bachelor of Science in Applied Economics & Management from Cornell University and an MBA from MIT Sloan School of Management. He's also a CFA and CAIA charterholder.

In addition to his professional accomplishments, Sandoval has been involved in volunteer work, including serving as a board member of the KIPP Public Schools of Northern California.

Vailakis: Octavio, talk to me about the evolution of Illumen Capital.

Sandoval: Initially, Illumen was founded to address biases throughout the investment management industry by investing in established managers and by putting them through Illumen's proprietary bias reduction curriculum. In 2022, Illumen decided to work with emerging managers in a few important ways because the emerging manager ecosystem is undercapitalized, providing unique exposure and opportunity. The firm executed on the idea of providing strategic and tactical allocations to underinvested managers, either through the Catalyst Fund or in the context of co-investment strategies.

Vailakis: What are the primary client types that you serve and what do your conversations with them consist of these days?

Sandoval: Our investors are our most valuable partners, whether they be endowments, health plans, renowned family offices, foundations, et cetera.

They support us in our bias reduction work, in the context of emerging GP interplay, and because we function as a source of inspiration for their team of decision makers who want to learn from such efforts, to roll out similar and informed initiatives internally at

Q&A
with
OCTAVIO SANDOVAL
Principal,
Illumen Capital



Octavio Sandoval

their firms.

We serve as thought leaders to our investors who often want to better understand the layers of bias at play in modern organizations.

It can be as simple as client firms not being able to find enough women. If they use the word 'competitive' in the job description, studies show that women might not apply, as they aren't classically encouraged to be competitive.

By default, women tend to try to check off every qualification required before applying, whereas men who have at least 50% of the criteria will apply.

Vailakis: It is your mandate at Illumen to invest in diverse-led managers. What advice do you have for them currently?

Sandoval: We've been telling them to stay the course. People of diverse backgrounds in the U.S. have demonstrated resilience over hundreds of years, through some pretty challenging circumstances, so why stop now?

Civil rights have been attacked. MeToo movements, the Black Lives Matter movement, and many others may seem on the surface short-lived, but we are just a moment away from these issues being at the forefront again. Mid-term election outcomes may open these discussions again in a bigger way.

People are staying the course, inspired by Cory Booker, John Lewis and many that came before them.

One GP we invest in doesn't report diversity metrics, instead

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ILLUMEN: Innovation Needs To Be Funded; AI 'Feels Like A Bubble'

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they show an image of employees, which provides a very diverse and compelling visual picture. In the end, research shows that diverse teams tend to outperform a homogenous group.

Diverse managers produce a certain kind of alpha that we are committed to capturing at Illumen. It is our fiduciary duty to capture upside, and diverse teams are more likely to produce more of that.

Vailakis: What is next for DEI?

Sandoval: While nobody really knows where the DEI conversation is leading us as a country, what we do know is that it isn't going away.

DEI exists to make sure that you have assembled a less homogenous team, and the strongest teams have dedicated roles and responsibilities. DEI is all about making sure you have an inclusive system, and the product you are putting out there represents the market you are serving and the broader population.

Data cut from many different angles continues to show the importance of DEI initiatives for company morale, for increased investment and company performance, even when simply considering diversity of thought which leads to a broader set of solutions being on the table when solving tough problems, at the portfolio company or the firm level.

Vailakis: What private investments (considering style and sector) are most compelling for, and actively sought by, you and your team at this time?

Sandoval: Given the market volatility, it's hard to say right now. But we will continue to back underinvested founders because they tend to invest in underserved communities. We continue to be excited about our five investment themes: education, health and wellness, financial inclusion, climate and sustainability, and inclusive Systems (founders building a product that serves underrepresented communities).

Vailakis: Is there an asset class you're most engaged with right now that you'd like to educate our readers about, with respect to perhaps more subtle dynamics that are worth drawing attention to?

Sandoval: Venture capital – innovation needs to be funded, and underserved communities need access to more innovation. Venture capital is an asset class that tends to provide more opportunities for diverse founders to get a start. The barriers to entry as an investor are fewer when compared to hedge funds or private equity.

Financial inclusion, or creating wealth for those who have been historically overlooked, is one strategy sector we focus on. Health is a critical category for us as well. For example, we invest-

ed in a maternal health company, which produces better C-section and miscarriage outcomes for women. This company helps all women and society overall in terms of making sure the government and states aren't spending too much on healthcare. Reactive care tends to be more costly than preventative care, the latter being the focus of this investment.

In private equity, there are a lot of family-owned businesses, which lack the capital to really scale. We see a growing need for businesses to serve communities better. The Latinx market on the consumer side is of great interest to us. Applications for debt from banks tend to be rejected more for Hispanics, even if the businesses are revenue generating.

And yet, in the last five years, the number of Latino-owned businesses grew by 44%, while the number of white-owned businesses decreased by 3% in that same period.

Without this growth the total number of businesses in the U.S. would have declined in the last five years. In other words, Latinos are now driving the country's business growth, according to a recent study by the Latino Business Action Network in collaboration with the Stanford Graduate School of Business (the 10th annual State of Latino Entrepreneurship research report).

Vailakis: What key areas do you consider when evaluating a strategy and how has that changed in recent years? Are there any metrics or parts of a strategy that have taken on increased or decreased importance in the current landscape?

Sandoval: We look at the team, track record, and opportunity set. The opportunity set can evolve. Look at AI. We are no longer enthusiastic about classroom learning plays given how the pandemic accelerated e-learning, which has some clear limitations around child development, and AI is even more disruptive in negative ways, in our view.

Vailakis: Are there investments that are less compelling for your team right now and why?

Sandoval: AI feels like a bubble. We do what we can to make sure that the founders actually know what they are doing when they back AI investments. There are of course security issues that early adopters often overlooked. Although there is a lot of enthusiasm around AI, AI still has a lot of room for improvement. There are still a lot of biases in AI. There's no shortage of headlines highlighting tales of failed machine learning systems that amplify, rather than rectify, sexist hiring practices, racist criminal justice procedures, predatory advertising, and the spread of false information.

Vailakis: Thanks for sharing your insights with Emerging Manager Monthly readers, Octavio.

Sandoval: Thank you for having me, Nancy.

Unigestion Holds First Close For Third Emerging Mgr. Fund

Unigestion recently held the first close for its third emerging manager private equity fund at €275 (\$309) million, the firm announced.

Unigestion's Emerging Manager Choice Fund III, which has a €400 (\$449) million target size, "will continue to target highly differentiated managers - those that have significant industry experience and expertise in their chosen specialism - that can deliver attractive net returns, accelerated deployment and low total expense ratios," according to the firm.

Specifically, the fund will "invest in spin-outs from established, hard-to-access GPs, as well as sector specialists applying differentiated strategies" and also target co-investments and late primary opportunities, the firm said.

"We are delighted that EMC III has got off to such a strong start, demonstrating the trust our clients have in the robust investment process we have honed over the past 30 years," Head of Primaries and the Emerging Manager Programme Kim Pochon said, in a statement. "As established private equity firms raise ever larger funds and performance persistence declines, the opportunity to support emerging managers has never been more compelling - particularly those launching highly differentiated strategies aimed at delivering top-quartile returns."



Kim Pochon

Further, Unigestion has "learned how to take most of the risk of investing in emerging managers off the table" by not relying on preconceived notions to assess firms that are launching their first or second funds, according to a whitepaper published by Pochon and V.P. of Private Equity Borja Fernandez Tamayo.

While emerging private equity managers are often perceived as "risky" due to their limited track records, smaller asset size and lack of institutional backing, these managers are typically launched by pro-

fessionals with years of industry experience, notably in specific sectors, that "allows them to identify overlooked opportunities and create value through operational improvements rather than financial engineering alone," according to the whitepaper.

The duo's research found that emerging buyout managers have outperformed their counterparts across return spectrums as these firms have greater deal selectivity because of their smaller fund sizes; can better respond to current market conditions since they are not constrained by legacy portfolio management obligations; and are able to devote more time and resources to each portfolio company given their concentrated portfolios.

Additionally, investors should evaluate partnership dynamics, track record attribution and team stability to mitigate any concerns over the lack of a fund-level track record and bear in mind that investing early with emerging managers brings long-term benefits such as securing priority allocation rights in subsequent funds, having the opportunity to increase their allocation as the manager's track record develops and creating goodwill that can translate into enduring partnerships, the whitepaper states.

Unigestion has \$15 billion in assets under management as of March 31, according to its website.

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San Francisco Foundation Invests In Richie Capital

The San Francisco Foundation recently approved an equity investment with a diverse manager within its approximately \$1 billion endowment and \$125 million mission aligned investment pool, a spokesperson confirmed, in an e-mail.

The San Francisco-based foundation approved investing nearly \$30 million in Richie Capital Group's Select Alpha strategy via separately managed accounts at its May investment committee meeting.

The foundation invested approximately 2% of its endowment portfolio, or \$24 million, and 4% of its mission aligned investment pool, approximately \$5 million, in the Select Alpha strategy, which is "typical" of its allocation scale, the spokesperson said.

The 100% Black-owned firm's Select Alpha fund is a concentrated small- to mid-cap strategy comprised of 15 to 20 U.S.-focused stocks.

Funding for the investment came from a rebalancing of existing managers in the portfolios, according to the spokesperson.

"The foundation has been tracking this manager through our consultant, Crewcial Partners, for years. Richie Capital's record is solid and differentiated from the foundation's other U.S. public equity managers. We have been impressed by the manager's differentiated thinking and commitment to continuous improvement on behalf of his clients," the spokesperson said.

The foundation's investment team is led by Senior Director of Investments Mark Doherty.

The foundation had 40% of its assets invested with firms that are majority-owned by women or people of color as of March 31, an increase from the 24% of the foundation's investment managers that were majority-owned by women and 11% that were owned by people of color in 2019.

Richie, which was recognized as EMM's Smid-Cap Manager of the Year in April, [received its first institutional allocation](#) last year from The Philadelphia Foundation through its outsourced cio relationship with Crewcial.

With the San Francisco Foundation allocation the Austin, Texas-based firm now manages \$43 million.

Chicago Plan Makes PE Hire

The \$12.8 billion Public School Teachers' Pension & Retirement Fund of Chicago approved a commitment at its May 15 board meeting, according to live video.

The plan approved a \$10 million private equity buyout commitment to NMS Capital's NMS Fund V at the meeting following a presentation by CIO Fernando Vinzons.

NMS, a diverse-owned manager, represents an existing relationship for the plan, which committed to NMS Fund IV in 2021 and NMS Fund III in 2017.

The plan's private equity portfolio was valued at roughly 8.7% against a 5% target as of Feb. 28, according to a monthly report.

Hampton, Spelman Commit To Early-Stage Venture Fund

Hampton University and Spelman College were among several investors in Zeal Capital Partners' latest early-stage venture fund, the firm announced.

Zeal Fund II garnered a total of \$82 million in commitments from the two HBCUs alongside limited partners that include Capricorn Investment Group, Citigroup's Citi Impact Fund, M&T Bank, MassMutual, Wells Fargo and Zaffre Investments, among others, according to the announcement.

The approximately \$241 million Hampton, Va.-based university is an existing relationship for the Washington D.C.-based manager as the institution was one of approximately 80% of Zeal Fund I investors that also committed to Zeal Fund II, according to the announcement, which showed that Atlanta-based Spelman College's commitment from its approximately \$549.3 million portfolio to the second fund marked a new limited partner for the venture firm.

Further details about the commitments from the two HBCUs were not available as spokespeople for each institution did not respond to e-mails.

Zeal Fund II targets investments in roughly 25 early-stage companies "across financial technology, healthcare, and the future of learning and work" over a four-year investment period, the announcement showed, noting investments will range between \$1 million and \$2.3 million with an "option to serve on the Board of Directors when appropriate to support the growth of portfolio companies."

Zeal Fund II has invested in five companies so far, including Debbie, a fintech company focused on savings and debt repayment, and maternal mental health platform Seven Starling, according to the announcement.

"The systems-level challenges that have long felt insurmountable — including access to education, economic mobility, financial health, and healthcare — are now among the largest and most urgent market opportunities. As innovation accelerates with AI and broader technological shifts, the capital we continue to deploy is critical to scaling solutions that not only deliver outsized returns but also reimagine the very structures that shape our society," Founder and Managing Partner Nasir Qadree said, in a statement.

The latest fund brings Zeal Capital Partners' total assets under management to \$186 million, "underscoring the firm's disciplined approach to identifying and scaling high-potential opportunities across financial technology, healthcare, and the future of learning and work," according to the firm.

NY Common Makes RE Hire

The \$273.4 billion New York State Common Retirement Fund committed \$5 million to Corten Real Estate Partners' Corten Real Estate Fund III on March 20, according to a monthly transaction report.

The commitment was made through the Empire GCM RE Anchor Fund advised by emerging manager program partner GCM Grosvenor.

The plan previously committed to Corten Real Estate Fund II in 2022.

Search Roundup powered by **fin|searches**

The following directory includes search and hire activity for the last month, as well as previously reported ongoing searches. The chart also includes emerging managers hired for direct mandates. All amounts are in Millions unless otherwise stated.

For further information on finsearches' daily search leads please visit www.finsearches.com or contact Gene Dolinsky at 646-810-1072 or gdolinsky@finsearches.com.

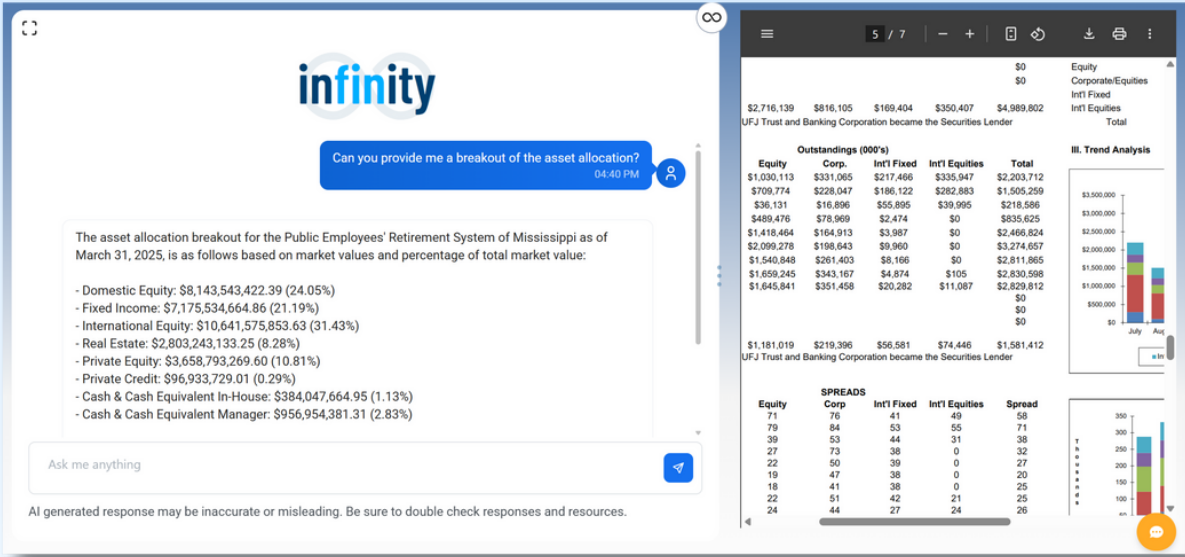
Fund Name	Fund Size (M)	Style	Size	Comments
ONGOING				
Los Angeles County Employees Retirement Association	81,845	Real Assets	N/A	Plan is in the negotiation phase of its real assets emerging manager program search after receiving 16 proposals in response to an RFP reissued in April 2024 seeking one or two separate account managers to establish emerging manager programs of up to \$400 million each for real assets and real estate. Plan relaunched the search because an RFP initially issued in January 2023 did not result in a recommendation. Plan originally announced that it would launch an RFP to establish an up to \$400 million real estate emerging manager program primarily focused on non-core opportunities in January 2022, but decided to launch a joint search for its real estate and real assets emerging manager programs in 2023 as staff believed a single firm could potentially manage both asset classes. Plan staff will provide a full report to the plan's board of investments upon completion of the RFP process.
COMPLETED/CLOSED				
New York State Common Retirement Fund	273,400	Real Estate	5	Plan disclosed a \$5 million commitment to Corten Real Estate Partners' Corten Real Estate Fund III within its emerging manager program's real estate asset class.
Orange County Employees Retirement System	24,501	Infrastructure	50	Plan disclosed a \$50 million real assets commitment to Grain Management's Grain Spectrum Holdings V. Firm is a new relationship for the plan.
Houston Municipal Employees Pension System	3,353	Credit	30	Plan committed up to \$30 million to Crayhill Capital Management's Crayhill Principal Strategies Fund III. Firm is a new relationship for the plan.
California State Teachers' Retirement System	349,500	Private Equity	250	Plan disclosed follow-on commitments of \$125 million each to CalSTRS New & Next Generation Manager Fund VII and CalSTRS M2 Private Equity Fund-of-Funds IV. Commitments closed in the fourth quarter.
Dallas Employees' Retirement Fund	3,812	Global Equity	41	Plan approved a recommendation to remove global equity manager Ariel Investments' \$41 million mandate from watch at its April 14 board meeting. Ariel was originally placed on watch at a September 2023 meeting due to underperformance compared to the MSCI ACWI Index as well as the announced departure of CIO and Portfolio Manager of Global Equities Rupal Bhansali.
State of Connecticut Retirement Plans & Trust Funds	59,300	Private Equity	100	Plan disclosed a \$100 million commitment to K1 Investment Management's K6 Private Investors.
Spelman College	549.3	Venture Capital	N/A	Fund committed an undisclosed amount to Zeal Capital Partners Fund II. Firm is a new relationship for the fund. Further details are currently unavailable.
Hampton University	241	Venture Capital	N/A	Fund committed an undisclosed amount to Zeal Capital Partners Fund II. Firm is a new relationship for the fund. Further details are currently unavailable.
San Francisco Foundation	1,737	Small- to Mid-Cap Core	29	Fund invested in Richie Capital Group's Select Alpha strategy at its May investment committee meeting. Fund invested approximately 2% of its endowment portfolio, or \$24 million, and 4% of its mission aligned investment pool, approximately \$5 million, in the Black-owned firm's smid-cap equity strategy.

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MacArthur Foundation Hires CIO

The John D. and Catherine T. MacArthur Foundation has named Bola Olusanya as its new v.p. and cio to oversee its approximately \$8.6 billion investment portfolio.

Olusanya will directly manage the Chicago-based foundation's investments, including evaluating and selecting external managers and developing strategy and asset allocation for the portfolio, a spokesperson confirmed, in an e-mail.

Olusanya will also supervise the foundation's 17-person investment team and lead its commitment to increasing its allocations to diverse-owned managers.

He will begin in the role on June 17 and report to President John Palfrey.

He was hired following a search from the fourth quarter seeking a successor for Susan Manske, who plans to retire on June 30 after serving in the role for nearly twenty years.

Olusanya will join the foundation from The Nature Conservancy, where he has served as cio managing the Arlington, Va.-based foundation's approximately \$4 billion investment portfolio since joining in 2020.

Spider Management Promotes CIO

Spider Management Company, the investment management arm of the University of Richmond, has named Deputy CIO Karen Horn Welch as its next cio, the institution announced.

Welch will take over the cio role from President William McLean on July 1, while McLean will continue to serve as the Richmond, Va.-based investment company's president through Dec. 31, 2026, the announcement showed.

McLean began in the five-year role in January 2021, succeeding President and CIO Rob Blandford.

Welch will lead Spider Management's investment and firm strategy for its approximately \$6 billion in assets under management, which includes \$3.1 billion from the university.

Sanford Health Hires First CIO

Sanford Health has hired Jonathan Grushkin as its inaugural senior v.p. and cio overseeing its approximately \$2.3 billion investment portfolio, a spokesperson confirmed, in an e-mail.

Based in the healthcare system's Sioux Falls, S.D.-based headquarters, Grushkin's hire stems from a search for the newly created position — which manages the asset allocation, manager selection, due diligence and performance monitoring for its endowments, operating reserves and other investments, among other duties — that the group launched earlier this year.

His new role reports to Executive V. P. and CFO Nick Olson and works alongside general investment consultant Mercer, as reported.

Before joining the healthcare group in May, Grushkin was most recently a director of absolute return and real assets at the Cleveland Clinic, where he also served as a principal and first joined as a senior investment analyst in 2017, according to his LinkedIn profile.

Callan Names West Coast Manager

Callan has promoted Senior V.P. Uvan Tseng to manager of its West Coast consulting team, the investment consulting firm announced.

Tseng will continue to work with a variety of clients while managing a team of 11 consultants, according to the announcement, which notes that he will maintain his role as senior v.p.

He is based in San Francisco and will report to Executive V.P. and Head of Fund Sponsor Consulting Greg DeForrest.

Tseng, who first joined Callan in 2008 as an investment consultant, is also a firm shareholder and member of its management committee and defined contribution committee.

"Uvan has been an invaluable member of the West Coast team since he joined the firm almost 17 years ago," DeForrest said, in a statement. "He has a distinguished track record of both partnering with clients and leading coworkers."

A spokesperson did not respond to an e-mail seeking comment on Tseng's promotion.

Strategic Adds Managing Directors

Outsourced cio firm Strategic Investment Group has added managing directors from a mid-Atlantic retirement system and the investment management arm of an aerospace and defense company, Managing Director Valentina Glaviano confirmed, in an e-mail.

Strategic hired Kevin Killeavy, former cio of the \$5.1 billion Montgomery County (Md.) Employees Retirement System, as managing director of private markets and Brendan Burke, formerly with Lockheed Martin, as a managing director of investments, according to separate announcements.

Killeavy will support the Arlington, Va.-based firm's private markets efforts, focusing on manager selection, portfolio construction and co-investment opportunities, while Burke will contribute to the office of the cio, providing comprehensive pension management and analytic skills for client relationships, according to an announcement.

Burke will also contribute to the public markets and opportunistic investment teams, focusing on market and manager analytics, and serve as a voting member of the fixed-income subcommittee.

Utah Fund Selects Deputy CIO

The Utah School & Institutional Trust Funds Office has hired Angelique Pappas, principal and associate research director at outsourced cio Fiducient Advisors, as its next deputy cio to help oversee and manage its approximately \$3.7 billion portfolio.

She succeeds Scott Day, who left after four years of service to join the \$10 billion Missouri Local Government Employees Retirement System as cio in May 2024.

Pappas served as an associate research director in Fiducient's global private markets group, where she was responsible for sourcing and performing due diligence on investment opportunities across private equity, private credit and private real assets, according to her biography, which has been removed from the Chicago-based discretionary advisor's website.